



# NEWS RELEASE

United States Department of Agriculture • Office of Communications • 1400 Independence Avenue, SW  
Washington, DC 20250-1300 • Voice: (202) 720-4623 • Email: [oc.news@usda.gov](mailto:oc.news@usda.gov) • Web: <http://www.usda.gov>

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Contact:  
Ed Loyd (202) 720-4623  
Wayne Maloney (202) 690-0498

## **JOHANNIS ANNOUNCES PROGRAM ENHANCEMENTS TO PROMOTE OWNERSHIP OF ENERGY-EFFICIENT NEW HOMES**

WASHINGTON, June 6, 2006 - In support of National Homeownership Month in June, Agriculture Secretary Mike Johannis today announced special eligibility considerations for low- and moderate-income home loan applicants who are purchasing newer, energy-efficient homes.

"Homeownership has always been a central part of the American Dream," said Johannis at the Stand Up for Rural America Conference. "I'm pleased that through this new initiative we can encourage efforts to expand access to new, affordable housing opportunities in rural America, while emphasizing energy conservation."

Under the special program, called Home Energy Advantage, the qualifying ratios used to determine an applicant's ability to repay a home loan may be exceeded by up to two percentage points if an energy-efficient home is purchased.

Eligible applicants to Rural Development Section 502 homeownership loan program will receive increased flexibility in their loan eligibility determinations if they are purchasing a newer home that is energy efficient. In some cases, applicants may be able to afford a larger loan amount due to the qualifying flexibility because lower utility costs associated with newer homes equate to more income that can be applied to mortgage and other debt payment in a given month.

USDA Rural Development's Section 502 loan programs are available to qualified low- and moderate-income families to purchase modest homes in rural areas. Loans can be made for up to 100 percent of the appraised value of the property. The cost of installing energy-saving features in a home, such as insulation, storm windows and doors, as well as energy-efficient appliances may be included in the loan amount.

All new homes that are built to meet the 2000 International Energy Conservation Code (IECC) or a subsequent comparable code are considered energy efficient and eligible for the two percentage point increase in the qualifying ratios. Existing homes that meet the same standard, or are being retrofitted to meet it, are also eligible. The program is a nationwide pilot, and will operate for the next 18 months.

New homes that are built to IECC standards offer considerable energy efficiency and save homeowners money in their utility costs. After the mortgage payment, utility bills are usually the largest housing-related expense for homeowners each month. But an energy-efficient home, with such features as proper insulation, high efficiency heating and cooling systems, and energy-efficient windows, can lower utility bills significantly.

USDA Rural Development's mission is to deliver programs in a way that will support increasing economic opportunity and improve the quality of life of rural residents. As a venture capital entity, Rural Development has invested more than \$63 billion since the beginning of the Bush Administration to provide equity and technical assistance to finance and foster growth in homeownership, business development, and critical community and technology infrastructure. As a result, more than 1.1 million jobs have been created or saved through these investments. Further information on rural programs is available at a local USDA Rural Development office or by visiting USDA's web site at <http://www.rurdev.usda.gov>. In West Virginia, call 1-800-295-8228 to be put in touch with the office that can help you in your area's housing needs.

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